

117TH CONGRESS
2D SESSION

S. 5286

To provide for the strengthening of the supervision of digital asset markets by self-regulatory organizations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 2022

Ms. LUMMIS introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for the strengthening of the supervision of digital asset markets by self-regulatory organizations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Responsible Self-Regu-
5 lation Act of 2022”.

6 **SEC. 2. DEFINITIONS.**

7 (a) IN GENERAL.—Subtitle VI of title 31, United
8 States Code, is amended by adding after chapter 97 the
9 following:

1 **“CHAPTER 98—DIGITAL ASSETS**

“Sec.

“9801. Definitions.

2 **“§ 9801. Definitions**

3 “In this chapter:

4 “(1) ANCILLARY ASSET.—

5 “(A) IN GENERAL.—The term ‘ancillary
6 asset’ means an intangible, fungible asset that
7 is offered, sold, or otherwise provided to a per-
8 son in connection with the purchase and sale of
9 a security through an arrangement or scheme
10 that constitutes an investment contract, as that
11 term is used in section 2(a)(1) of the Securities
12 Act of 1933 (15 U.S.C. 77b(a)(1)).

13 “(B) EXCLUSION.—The term ‘ancillary
14 asset’ does not include an asset that provides
15 the holder of the asset with any of the following
16 rights in a business entity:

17 “(i) A debt or equity interest in that
18 entity.

19 “(ii) Liquidation rights with respect
20 to that entity.

21 “(iii) An entitlement to an interest or
22 dividend payment from that entity.

1 “(iv) A profit or revenue share in that
 2 entity solely from the entrepreneurial or
 3 managerial efforts of others.

4 “(v) Any other financial interest in
 5 that entity.

6 “(2) APPROPRIATE COMMISSION.—The term
 7 ‘appropriate commission’ means the Commodity Fu-
 8 tures Trading Commission or the Securities and Ex-
 9 change Commission, or both, as applicable, based on
 10 the commission that has statutory jurisdiction over
 11 a digital asset intermediary and acts as the primary
 12 registration or licensing authority, consistent with
 13 paragraph (4).

14 “(3) DIGITAL ASSET.—The term ‘digital
 15 asset’—

16 “(A) means a natively electronic asset
 17 that—

18 “(i) confers economic, proprietary, or
 19 access rights or powers; and

20 “(ii) is recorded using cryptographi-
 21 cally secured distributed ledger technology,
 22 or any similar analogue; and

23 “(B) includes—

24 “(i) virtual currency and ancillary as-
 25 sets;

1 “(ii) payment stablecoins; and

2 “(iii) any other security or commodity
3 that meets the requirements of subpara-
4 graph (A).

5 “(4) DIGITAL ASSET INTERMEDIARY.—The
6 term ‘digital asset intermediary’—

7 “(A) means—

8 “(i) a person that—

9 “(I) holds a license, registration,
10 or other similar authorization, as
11 specified by this chapter, the Com-
12 modity Exchange Act (7 U.S.C. 1 et
13 seq.), the Securities Act of 1933 (15
14 U.S.C. 77a et seq.), the Corporation
15 of Foreign Bondholders Act, 1933 (15
16 U.S.C. 77bb et seq.), the Trust Inden-
17 ture Act of 1939 (15 U.S.C. 77aaa et
18 seq.), the Securities Exchange Act of
19 1934 (15 U.S.C. 78a et seq.), the Se-
20 curities Investor Protection Act of
21 1970 (15 U.S.C. 78aaa et seq.), the
22 Investment Company Act of 1940 (15
23 U.S.C. 80a–1 et seq.), the Investment
24 Advisers Act of 1940 (15 U.S.C. 80b–
25 1), and the Omnibus Small Business

1 Capital Formation Act of 1980 (15
2 U.S.C. 80e); and

3 “(II) may conduct market activi-
4 ties relating in digital assets; or

5 “(ii) a person that is required by law
6 to hold a license, registration, or other
7 similar authorization described in clause
8 (i);

9 “(B) includes—

10 “(i) a person that holds a license, reg-
11 istration, or other similar authorization
12 under State or Federal law and issues a
13 payment stablecoin; and

14 “(ii) a person that is required by law
15 to hold a license, registration, or other
16 similar authorization described in clause
17 (i); and

18 “(C) does not include a depository institu-
19 tion.

20 “(5) REGISTERED DIGITAL ASSET ASSOCIA-
21 TION.—The term ‘registered digital asset associa-
22 tion’ means an organization jointly registered by the
23 Securities and Exchange Commission and Com-
24modity Futures Trading Commission under section

1 9802 for the supervision of digital asset inter-
 2 mediaries.

3 “(6) SECURITY.—The term ‘security’ has the
 4 meaning given the term in section 3(a) of the Secu-
 5 rities Exchange Act of 1934 (15 U.S.C. 78c(a)).

6 “(7) VIRTUAL CURRENCY.—The term ‘virtual
 7 currency’—

8 “(A) means a digital asset that—

9 “(i) is used primarily as a medium of
 10 exchange, unit of account, store of value,
 11 or any combination of such functions;

12 “(ii) is not legal tender, as described
 13 in section 5103; and

14 “(iii) does not derive value from, or is
 15 not backed by, an underlying financial
 16 asset (except other digital assets); and

17 “(B) includes a digital asset, consistent
 18 with subparagraph (A), that is accompanied by
 19 a statement from the issuer that a denominated
 20 or pegged value will be maintained and be avail-
 21 able upon redemption from the issuer or other
 22 identified person, based solely on computer code
 23 deployed to a distributed ledger technology net-
 24 work that executes an instruction based on the

1 occurrence or non-occurrence of a specified con-
 2 dition, or any similar analogue.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 4 The table of contents for subtitle VI of title 31, United
 5 States Code, is amended by adding at the end the fol-
 6 lowing:

“98. Digital assets 9801”.

7 **SEC. 3. REGISTERED DIGITAL ASSET ASSOCIATIONS.**

8 (a) IN GENERAL.—Chapter 98 of title 31, United
 9 States Code, as amended by section 2, is amended by add-
 10 ing at the end the following:

11 **“§ 9802. Registered digital asset associations**

12 “(a) DEFINITIONS.—In this section:

13 “(1) NONMEMBER PROFESSIONAL.—The term
 14 ‘nonmember professional’ means any person that—

15 “(A) is a digital asset intermediary; and

16 “(B) is not a member of a registered dig-
 17 ital asset association or affiliated organization.

18 “(2) REGISTRATION INFORMATION.—The term
 19 ‘registration information’ means the information re-
 20 ported in connection with the licensing, registration,
 21 or other authorization of digital asset intermediaries
 22 and their associated persons, including—

23 “(A) disciplinary actions, regulatory, judi-
 24 cial, and arbitration proceedings, and other in-

1 formation required by law or digital asset asso-
2 ciation rule; and

3 “(B) the source and status of the informa-
4 tion described in subparagraph (A).

5 “(b) REGISTRATION; APPLICATION.—An association
6 of digital asset intermediaries may be registered as a dig-
7 ital asset association, under the terms and conditions pro-
8 vided in this section, and in accordance with the provisions
9 of this section and section 9803, by jointly filing with the
10 Securities and Exchange Commission and the Commodity
11 Futures Trading Commission an application for registra-
12 tion, in such form as the commissions may require, con-
13 taining the rules of the association and such other infor-
14 mation and documents that may be prescribed as nec-
15 essary or appropriate in the public interest or for customer
16 protection.

17 “(c) DETERMINATIONS BY COMMISSIONS REQUISITE
18 TO REGISTRATION.—An association of digital asset inter-
19 mediaries may not be registered as a registered digital
20 asset association under subsection (b) unless a majority
21 of the members of each of the Securities and Exchange
22 Commission and the Commodity Futures Trading Com-
23 mission, voting separately, determine that—

1 “(1) by reason of the number and the scope of
2 the transactions of the association, the association
3 will be able to carry out the purposes of this section;

4 “(2) the association is so organized, and has
5 the capacity, to—

6 “(A) be able to carry out the purposes of
7 this section and other applicable State and Fed-
8 eral laws; and

9 “(B) subject to any rule or order of the
10 appropriate commission, enforce compliance by
11 members of the association (and persons associ-
12 ated with those members) with the provisions of
13 applicable law, the rules under those provisions,
14 and the rules of the association;

15 “(3) the rules of the association provide that
16 any digital asset intermediary may become a mem-
17 ber of the association and any person may become
18 associated with a member of the association;

19 “(4) the rules of the association ensure a fair
20 representation of the members of the association, in-
21 cluding emerging growth companies (as defined in
22 section 2(a) of the Securities Act of 1933 (15 U.S.C.
23 77b(a))), in the selection of the directors of the asso-
24 ciation and administration of the affairs of the asso-
25 ciation;

1 “(5) the rules of the association provide for the
2 equitable allocation of reasonable dues, fees, and
3 other charges among members of the association and
4 other persons using any facility or system that the
5 association operates or controls;

6 “(6) the rules of the association—

7 “(A) are designed to—

8 “(i) prevent fraudulent and manipula-
9 tive acts and practices in order to promote
10 just and equitable principles of trade;

11 “(ii) foster cooperation and coordina-
12 tion with persons engaged in regulating,
13 clearing, settling, processing information
14 with respect to, and facilitating trans-
15 actions in digital assets;

16 “(iii) remove impediments to, and per-
17 fect the mechanism of, a free and open
18 market; and

19 “(iv) protect customers and the public
20 interest; and

21 “(B) are not designed to—

22 “(i) permit unfair discrimination be-
23 tween customers and digital asset inter-
24 mediaries;

25 “(ii) fix minimum profits;

1 “(iii) impose any schedule or fix rates
2 of commissions, allowances, discounts, or
3 other fees to be charged by the members of
4 the association; or

5 “(iv) regulate by virtue of any author-
6 ity conferred by law matters not related to
7 the purposes of this section or the adminis-
8 tration of the association;

9 “(7) the rules of the association provide that,
10 subject to any rule or order of the appropriate com-
11 mission, the members of the association (and per-
12 sons associated with those members) shall be appro-
13 priately disciplined for a violation of any provision of
14 applicable law, the rules under such a provision, or
15 the rules of the association by expulsion, suspension,
16 limitation of activities, functions, and operations,
17 fine, censure, a suspension or bar from being associ-
18 ated with a member, or any other fitting sanction;

19 “(8) the rules of the association are consistent
20 with the provisions of subsection (h) and, in general,
21 provide a fair procedure for—

22 “(A) the disciplining of members and per-
23 sons associated with members;

24 “(B) the denial of membership to any per-
25 son seeking membership in the association;

1 “(C) the barring of any person from be-
 2 coming associated with a member of the asso-
 3 ciation; and

4 “(D) the prohibition or limitation by the
 5 association of any person with respect to access
 6 to services offered by the association or a mem-
 7 ber of the association;

8 “(9) the rules of the association do not impose
 9 any burden on competition not necessary or appro-
 10 prium in furtherance of the purposes of this section;

11 “(10) the requirements of subsection (d), as ap-
 12 plicable, are satisfied; and

13 “(11) the rules of the association include provi-
 14 sions governing the form and content of quotations
 15 relating to digital assets, which shall be designed
 16 to—

17 “(A) produce fair and informative
 18 quotations;

19 “(B) prevent fictitious or misleading
 20 quotations; and

21 “(C) promote orderly procedures for col-
 22 lecting, distributing, and publishing quotations.

23 “(d) RULES; PROVISION FOR REGISTRATION OF AF-
 24 FILIATED ORGANIZATION.—

1 “(1) IN GENERAL.—The Securities and Ex-
2 change Commission and the Commodity Futures
3 Trading Commission may permit or require the rules
4 of an association applying for registration under
5 subsection (b) to provide for the admission of an or-
6 ganization registered as an affiliated organization
7 pursuant to subsection (e), to participate in the ap-
8 plicant association as an affiliate of the applicant as-
9 sociation, under terms permitting powers and re-
10 sponsibilities to the affiliate, and under such other
11 appropriate terms and conditions, as may be pro-
12 vided by the rules of the applicant association, if
13 those rules appear to the commissions jointly to be
14 necessary or appropriate in the public interest or for
15 customer protection and to carry out the purposes of
16 this section.

17 “(2) DUTIES AND POWERS OF THE COMMIS-
18 SIONS.—The duties and powers of the Securities and
19 Exchange Commission and the Commodity Futures
20 Trading Commission with respect to any association
21 or affiliate organization shall in no way be limited
22 by reason of any such affiliation.

23 “(e) REGISTRATION AS AFFILIATED ORGANIZATION;
24 PREREQUISITES; ASSOCIATION RULES.—

1 “(1) IN GENERAL.—An applicant organization
2 shall not be registered as an affiliated organization,
3 unless—

4 “(A) the organization, notwithstanding
5 that the organization does not satisfy the re-
6 quirements under subsection (c)(1), will, upon
7 the registration of the organization under this
8 subsection, be admitted to affiliation with an
9 organization registered as a digital asset asso-
10 ciation pursuant to subsection (c), in the man-
11 ner and under the terms and conditions pro-
12 vided by the rules of the registered digital asset
13 association in accordance with subsection (d);
14 and

15 “(B) the organization and the rules of the
16 organization satisfy the requirements under
17 paragraphs (2) through (11) of subsection (c).

18 “(2) EXCEPTION.—Any restrictions upon mem-
19 bership of an applicant organization shall not be less
20 stringent than in the case of the registered digital
21 asset association with which the organization is to be
22 affiliated.

23 “(f) DEALINGS WITH NONMEMBER PROFES-
24 SIONALS.—

1 “(1) IN GENERAL.—The rules of a digital asset
 2 association may provide that no member of the asso-
 3 ciation may deal with any nonmember professional
 4 except at the same prices, for the same commissions
 5 or fees, and on the same terms and conditions the
 6 member accords to the general public.

7 “(2) RULE OF CONSTRUCTION.—Nothing in
 8 this subsection may be construed to prevent any
 9 member of a registered digital asset association from
 10 granting to any other member of any other reg-
 11 istered digital asset association any discount, allow-
 12 ance, commission, or special terms in connection
 13 with a digital asset transaction.

14 “(g) DENIAL OF MEMBERSHIP.—

15 “(1) IN GENERAL.—Membership in a registered
 16 digital asset association under this section shall be
 17 limited to digital asset intermediaries.

18 “(2) DENIAL FOR PUBLIC INTEREST OR CON-
 19 SUMER PROTECTION.—

20 “(A) IN GENERAL.—A registered digital
 21 asset association may, and the appropriate com-
 22 mission, by order, may direct such an associa-
 23 tion to, as necessary or appropriate in the pub-
 24 lic interest or for customer protection, deny
 25 membership to any person, and bar from be-

1 coming associated with a member any person,
2 that is subject to a statutory disqualification
3 within the laws under the jurisdiction of that
4 commission.

5 “(B) NOTICE.—A registered digital asset
6 association shall file notice with the appropriate
7 commission, in such form and containing such
8 information as the appropriate commission shall
9 require, not less than 30 days before admitting
10 any person to membership or permitting any
11 person to become associated with a member, if
12 the association knew, or in the exercise of rea-
13 sonable care should have known, that such per-
14 son was subject to a statutory disqualification.

15 “(3) PROCEDURE.—

16 “(A) IN GENERAL.—A registered digital
17 asset association may—

18 “(i) deny membership to, or condition
19 the membership of, a digital asset inter-
20 mediary, if—

21 “(I) the intermediary does not
22 meet such standards of financial re-
23 sponsibility or operational capability,
24 or such intermediary or any individual
25 associated with the intermediary does

1 not meet such standards of training,
 2 experience, and competence, as are
 3 prescribed by the rules of the associa-
 4 tion; or

5 “(II) the intermediary or person
 6 associated with the intermediary has
 7 engaged, and there is a reasonable
 8 likelihood the intermediary or person
 9 will again engage, in acts or practices
 10 inconsistent with just and equitable
 11 principles of trade; and

12 “(ii) examine and verify the qualifica-
 13 tions of an applicant to become a member
 14 and the individuals associated with the ap-
 15 plicant in accordance with procedures es-
 16 tablished by the rules of the association.

17 “(B) ASSOCIATION.—A registered digital
 18 asset association may—

19 “(i) bar an individual from becoming
 20 associated with a member, or condition the
 21 association of an individual with a mem-
 22 ber, if that individual—

23 “(I) does not meet such stand-
 24 ards of training, experience, and com-

1 petence as are prescribed by the rules
2 of the association; or

3 “(II) has engaged, and there is a
4 reasonable likelihood the individual
5 will again engage, in acts or practices
6 inconsistent with just and equitable
7 principles of trade;

8 “(ii) examine and verify the qualifica-
9 tions of an applicant to become a person
10 associated with a member in accordance
11 with procedures established by the rules of
12 the association; and

13 “(iii) require an individual associated
14 with a member, or any class of such indi-
15 viduals, to be registered with the associa-
16 tion in accordance with procedures so es-
17 tablished.

18 “(C) BAR ON ASSOCIATION.—A registered
19 digital asset association may bar any person
20 from becoming associated with a member if
21 that person does not agree—

22 “(i) to supply the association with
23 such information with respect to the rela-
24 tionship and dealings of the person with

1 the member as may be specified in the
2 rules of the association; and

3 “(ii) to permit examination of the
4 records of the person to verify the accuracy
5 of any information supplied by the person
6 under clause (i).

7 “(4) DENIAL FOR TYPE OF BUSINESS.—

8 “(A) IN GENERAL.—Subject to subpara-
9 graph (B), a registered digital asset association
10 may deny membership to a digital asset inter-
11 mediary not engaged in a type of business in
12 which the rules of the association require mem-
13 bers to be engaged.

14 “(B) CONDITION.—No digital asset asso-
15 ciation may deny membership to a digital asset
16 intermediary by reason of the amount of such
17 type of business done by such intermediary or
18 the other types of business in which the inter-
19 mediary is engaged.

20 “(h) DISCIPLINE OF REGISTERED DIGITAL ASSET
21 ASSOCIATION MEMBERS AND PERSONS ASSOCIATED
22 WITH MEMBERS; SUMMARY PROCEEDINGS.—

23 “(1) DISCIPLINE.—

24 “(A) NOTIFICATION.—In any proceeding
25 by a registered digital asset association to de-

1 termine whether a member, or a person associ-
2 ated with a member, should be disciplined
3 (other than a summary proceeding pursuant to
4 paragraph (3)), the association shall bring spe-
5 cific charges, notify such member or person of
6 (and give the person an opportunity to defend
7 against) those charges, and keep a record.

8 “(B) STATEMENT.—A determination by a
9 registered digital asset association to impose
10 discipline in a proceeding under subparagraph
11 (A) shall be supported by a statement setting
12 forth—

13 “(i) any act or practice in which the
14 member, or person associated with a mem-
15 ber, has been found to have engaged, or
16 that such member or person has been
17 found to have omitted;

18 “(ii) the specific provision of law, the
19 rules under such a provision, or the rules
20 of the association that an act or practice
21 described in clause (i), or omission to act,
22 is charged with violating; and

23 “(iii) the sanction imposed and a jus-
24 tification for the sanction.

25 “(2) DENIAL OF MEMBERSHIP OR SERVICES.—

1 “(A) NOTIFICATION.—In any proceeding
2 by a registered digital asset association to de-
3 termine whether a person shall be denied mem-
4 bership, barred from becoming associated with
5 a member, or prohibited or limited with respect
6 to access to services offered by the association
7 or a member of the association (other than a
8 summary proceeding pursuant to paragraph
9 (3)), the association shall—

10 “(i) notify that person and give the
11 person an opportunity to be heard;

12 “(ii) provide the person the specific
13 grounds for denial, bar, or prohibition or
14 limitation under consideration; and

15 “(iii) maintain a record.

16 “(B) STATEMENT.—A determination by a
17 registered digital asset association to deny
18 membership, bar a person from becoming asso-
19 ciated with a member, or prohibit or limit a
20 person with respect to access to services offered
21 by the association or a member under subpara-
22 graph (A) shall be supported by a statement
23 setting forth the specific grounds on which the
24 denial, bar, or prohibition or limitation is based.

25 “(3) SUMMARY PROCEEDING.—

1 “(A) IN GENERAL.—A registered digital
2 asset association may summarily—

3 “(i) suspend a member of the associa-
4 tion, or a person associated with such a
5 member, that is—

6 “(I) expelled or suspended from
7 any other digital asset association; or

8 “(II) barred or suspended from
9 being associated with a member of an-
10 other digital asset association;

11 “(ii) suspend a member of the asso-
12 ciation that is in such financial or oper-
13 ating difficulty that the association deter-
14 mines (and so notifies the appropriate
15 commission) that the member cannot be
16 permitted to continue to do business as a
17 member, in order to protect customers,
18 creditors, other members, or the associa-
19 tion; or

20 “(iii) limit or prohibit any person
21 from accessing services offered by the asso-
22 ciation if clause (i) or (ii) is applicable to
23 that person, or, in the case of a person
24 that is not a member of the association, if

1 the association determines that the per-
2 son—

3 “(I) does not meet the qualifica-
4 tion requirements or other pre-
5 requisites for that access; and

6 “(II) cannot be permitted to con-
7 tinue to have such access with safety,
8 in order to protect customers, credi-
9 tors, members, or the association.

10 “(B) OPPORTUNITY FOR HEARING.—Any
11 person aggrieved by a summary action under
12 subparagraph (A) shall be promptly afforded an
13 opportunity for a hearing by the applicable dig-
14 ital asset association in accordance with the
15 provisions of paragraph (1) or (2).

16 “(C) STAY.—The appropriate commission,
17 by order, may stay a summary action described
18 in subparagraph (A) on the motion of the com-
19 mission or upon application by any person ag-
20 grieved by the summary action, if the commis-
21 sion determines summarily or after notice and
22 opportunity for hearing (which may consist
23 solely of the submission of affidavits or presen-
24 tation of oral arguments) that the stay is con-

1 sistent with the public interest and customer
2 protection.

3 “(i) OBLIGATION TO MAINTAIN REGISTRATION, DIS-
4 CIPLINARY, AND OTHER DATA.—

5 “(1) MAINTENANCE OF SYSTEM TO RESPOND
6 TO INQUIRIES.—A registered digital asset associa-
7 tion shall establish and maintain—

8 “(A) a system for collecting and retaining
9 registration information; and

10 “(B) a website, including an application
11 programming interface, to receive and promptly
12 respond to inquiries regarding registration in-
13 formation on the members of the association
14 and associated persons with respect to those
15 members.

16 “(2) RECOVERY OF COSTS.—A registered dig-
17 ital asset association may charge persons making in-
18 quiries described in paragraph (1)(B), other than in-
19 dividual customers of digital asset intermediaries,
20 reasonable fees for responses.

21 “(3) PROCESS FOR DISPUTED INFORMATION.—
22 Each registered digital asset association shall adopt
23 rules establishing a process for disputing the accu-
24 racy of information provided in response to inquiries
25 under this subsection.

1 “(4) LIMITATION ON LIABILITY.—A registered
2 digital asset association, or any digital asset inter-
3 mediary reporting information to such an associa-
4 tion, shall not have any liability to any person for
5 any actions taken or omitted in good faith under
6 this subsection.

7 “(j) AVOIDANCE OF DUPLICATIVE RULES.—

8 “(1) IN GENERAL.—Each digital asset associa-
9 tion registered under subsection (b) shall issue rules
10 as necessary to avoid duplicative or conflicting rules
11 applicable to any digital asset intermediary that is a
12 member of a national securities exchange, board of
13 trade, contract market, registered securities associa-
14 tion, registered futures association, or similar digital
15 asset association.

16 “(2) OTHER MEMBERSHIP.—A digital asset
17 intermediary shall not be required to become a mem-
18 ber of another digital asset association unless the
19 intermediary performs activities with financial assets
20 other than digital assets.

21 “(3) NON-DIGITAL ASSET ACTIVITIES.—

22 “(A) RULES BY COMMISSIONS.—The Secu-
23 rities and Exchange Commission and the Com-
24 modity Futures Trading Commission shall
25 jointly prescribe rules under which a digital

9 “(B) RULES BY DIGITAL ASSET ASSOCIA-
10 TIONS.—A registered digital asset association
11 under this section shall adopt rules governing
12 activities with financial assets other than digital
13 assets, which shall be consistent with existing
14 law, rule, guidance or industry best practices or
15 the rules of other digital asset associations.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—
The table of sections for chapter 98 of title 31, United States Code, as added by section 2, is amended by adding at the end the following:

20 SEC. 4. REGISTRATION, RULEMAKING, AND SUPERVISION
21 OF DIGITAL ASSET ASSOCIATIONS.

(a) IN GENERAL.—Chapter 98 of title 31, United States Code, as amended by section 3, is amended by adding at the end the following:

1 **“§ 9803. Registration, rulemaking, and supervision of**
 2 **digital asset associations**

3 “(a) REGISTRATION PROCEDURES; NOTICE OF FIL-
 4 ING; OTHER REGULATORY AGENCIES.—

5 “(1) PUBLICATION OF NOTICE.—

6 “(A) IN GENERAL.—The Securities and
 7 Exchange Commission and Commodity Futures
 8 Trading Commission shall, upon the filing of an
 9 application for registration as a digital asset as-
 10 sociation under section 9802, publish notice of
 11 that filing and afford interested persons an op-
 12 portunity to submit written data, views, and ar-
 13 guments concerning the application.

14 “(B) REQUIREMENTS.—Not later than 90
 15 days after the date on which notice is published
 16 under subparagraph (A), or within a longer pe-
 17 riod to which the applicable applicant consents,
 18 the Securities and Exchange Commission and
 19 Commodity Futures Trading Commission
 20 shall—

21 “(i) by joint order, grant registration
 22 of the digital asset association; or

23 “(ii) institute proceedings to deter-
 24 mine whether registration should be de-
 25 nied.

26 “(C) PROCEEDINGS.—

1 “(i) IN GENERAL.—Proceedings insti-
2 tuted under subparagraph (B)(ii) shall in-
3 clude notice of the grounds for denial
4 under consideration and opportunity for
5 hearing before the joint commissions.

6 “(ii) HEARING.—A hearing described
7 in clause (i) shall be concluded not later
8 than 180 days after the date on which no-
9 tice of the filing of the application for reg-
10 istration is published under subparagraph
11 (A).

12 “(iii) FURTHER PROCEEDINGS.—

13 “(I) SEPARATE VOTES.—At the
14 conclusion of a hearing conducted
15 under this subparagraph, and not
16 later than the end of the 180-day pe-
17 riod described in clause (ii), the Secu-
18 rities and Exchange Commission and
19 Commodity Futures Trading Commis-
20 sion, voting separately, shall act to
21 grant or deny the applicable registra-
22 tion.

23 “(II) EFFECT OF FAILURE TO
24 ISSUE JOINT ORDER.—The failure of
25 the Securities and Exchange Commis-

1 sion and Commodity Futures Trading
 2 Commission to issue a joint order dur-
 3 ing the period described in subclause
 4 (I) shall be deemed to be a denial of
 5 the applicable registration.

6 “(D) CONSIDERATIONS.—With respect to
 7 an application for registration described in this
 8 paragraph, the Securities and Exchange Com-
 9 mission and Commodity Futures Trading Com-
 10 mission shall—

11 “(i) grant registration if all statutory
 12 requirements have been met and the rules
 13 under those statutory provisions with re-
 14 spect to the applicant are satisfied; and

15 “(ii) deny such registration if the
 16 commissions do not make the findings de-
 17 scribed in clause (i).

18 “(2) WITHDRAWAL FROM REGISTRATION.—

19 “(A) IN GENERAL.—A digital asset asso-
 20 ciation may, upon such terms and conditions as
 21 the Securities and Exchange Commission and
 22 Commodity Futures Trading Commission, by
 23 rule, determine necessary or appropriate in the
 24 public interest or for the protection of cus-
 25 tomers, withdraw from registration described in

1 paragraph (1) by filing a written notice of with-
2 drawal with the commissions.

3 “(B) CONSIDERATIONS.—

4 “(i) IN GENERAL.—If the Securities
5 and Exchange Commission and Commodity
6 Futures Trading Commission, voting sepa-
7 rately, each finds that a digital asset asso-
8 ciation is no longer in existence or has
9 ceased to do business in the capacity speci-
10 fied in the application for registration sub-
11 mitted by the association, the commissions
12 may cancel the registration of the associa-
13 tion.

14 “(ii) EFFECT OF FAILURE TO VOTE.—

15 The failure to issue a joint order described
16 in clause (i) shall be deemed to maintain
17 the registration of the applicable digital
18 asset association.

19 “(C) EFFECT OF WITHDRAWAL, CAN-
20 CELLATION, SUSPENSION, OR REVOCATION.—

21 Upon withdrawal by registration or the can-
22 cellation, suspension, or revocation of the reg-
23 istration of a digital asset association, the reg-
24 istration of any association affiliated with the
25 association shall automatically terminate.

1 “(b) PROPOSED RULE CHANGES; NOTICE; PRO-
2 CEEDINGS.—

3 “(1) IN GENERAL.—Except as otherwise pro-
4 vided in paragraph (2)—

5 “(A) a digital asset association shall file
6 with the appropriate commission, in accordance
7 with the rules of that commission, copies of any
8 proposed rule or any proposed change in, addi-
9 tion to, or deletion from the rules of such dig-
10 ital asset association accompanied by a concise
11 general statement of the basis and purpose of
12 such proposed rule change;

13 “(B) the appropriate commission shall—

14 “(i) as soon as practicable after the
15 date on which a proposed rule change is
16 filed under subparagraph (A), publish no-
17 tice of that filing together with the terms
18 of substance of the proposed rule change
19 or a description of the subjects and issues
20 involved; and

21 “(ii) give interested persons an oppor-
22 tunity to submit written data, views, and
23 arguments concerning that proposed rule
24 change;

1 “(C) no proposed rule change described in
 2 subparagraph (A) shall take effect unless ap-
 3 proved by the appropriate commission or other-
 4 wise permitted in accordance with the provi-
 5 sions of this subsection; and

6 “(D) no proposed rule change described in
 7 subparagraph (A) relating to a matter under
 8 the jurisdiction of more than 1 commission may
 9 be filed.

10 “(2) APPROVAL PROCESS.—

11 “(A) APPROVAL PROCESS ESTABLISHED.—

12 “(i) IN GENERAL.—Except as pro-
 13 vided in clause (ii), not later than 30 days
 14 after the date on which notice of a pro-
 15 posed rule change is published under para-
 16 graph (1), the appropriate commission
 17 shall—

18 “(I) by order, approve or dis-
 19 approve the proposed rule change; or

20 “(II) institute proceedings under
 21 subparagraph (B) to determine wheth-
 22 er the proposed rule change should be
 23 disapproved.

24 “(ii) EXTENSION OF TIME PERIOD.—

25 The appropriate commission may extend

the period established under clause (i) by
not more than an additional 30 days, if—

“(I) the commission determines
that a longer period is appropriate
and publishes the reasons for that de-
termination; or

“(II) the digital asset association
that filed the proposed rule change
consents to a longer period.

“(B) PROCEEDINGS.—

“(i) NOTICE AND HEARING.—If the
appropriate commission does not approve
or disapprove a proposed rule change
under subparagraph (A), the commission
shall provide to the digital asset associa-
tion that filed the proposed rule change—

“(I) notice of the grounds for
disapproval under consideration; and

“(II) opportunity for hearing, to
be concluded not later than 180 days
after the date of publication of notice
of the filing of the proposed rule
change.

“(ii) ORDER OF APPROVAL OR DIS-
APPROVAL.—

1 “(I) IN GENERAL.—Except as
 2 provided in subclause (II), not later
 3 than 180 days after the date on which
 4 notice is published under paragraph
 5 (1), the appropriate commission shall
 6 issue an order approving or dis-
 7 approving the proposed rule change
 8 that is the subject of the notice.

9 “(II) EXTENSION OF TIME PE-
 10 RIOD.—The appropriate commission
 11 may extend the period for issuance
 12 under clause (I) by not more than 60
 13 days, if—

14 “(aa) the commission deter-
 15 mines that a longer period is ap-
 16 propriate and publishes the rea-
 17 sons for such determination; or

18 “(bb) the digital asset asso-
 19 ciation that filed the proposed
 20 rule change consents to the
 21 longer period.

22 “(C) STANDARDS FOR APPROVAL AND DIS-
 23 APPROVAL.—

24 “(i) APPROVAL.—The appropriate
 25 commission shall approve a proposed rule

1 change of a digital asset association if the
2 commission finds that the proposed rule
3 change is consistent with law.

4 “(ii) TIME FOR APPROVAL.—The ap-
5 propriate commission may not approve a
6 proposed rule change earlier than 30 days
7 after the date of publication of notice with
8 respect to the proposed rule change under
9 paragraph (1), unless the commission finds
10 good cause for so doing and publishes the
11 reason for the finding.

12 “(D) RESULT OF FAILURE TO INSTITUTE
13 OR CONCLUDE PROCEEDINGS.—A proposed rule
14 change shall be deemed to have been approved
15 by the appropriate commission, if—

16 “(i) the commission does not approve
17 or disapprove the proposed rule change, or
18 begin proceedings under subparagraph (B),
19 within the period described in subpara-
20 graph (A); or

21 “(ii) the commission does not issue an
22 order approving or disapproving the pro-
23 posed rule change under subparagraph (B)
24 within the period described in subpara-
25 graph (B)(ii).

1 “(E) PUBLICATION DATE BASED ON FED-
2 ERAL REGISTER PUBLISHING.—

3 “(i) IN GENERAL.—For purposes of
4 this paragraph, if, after filing a proposed
5 rule change with the appropriate commis-
6 sion under paragraph (1), a digital asset
7 association publishes a notice of the filing
8 of that proposed rule change, together with
9 the substantive terms of that proposed rule
10 change, on a publicly accessible website,
11 the commission shall send the notice to the
12 Federal Register for publication of the pro-
13 posed rule change under paragraph (1) not
14 later than 5 days after the date on which
15 that website publication is made.

16 “(ii) EFFECT OF FAILING TO SEND.—
17 If the appropriate commission fails to send
18 notice under clause (i) during the 5-day
19 period described in that clause, the date of
20 publication shall be deemed to be the date
21 on which the applicable website publication
22 is made.

23 “(3) INTERNAL GOVERNANCE.—With respect to
24 a proposed rule relating to the internal operation,
25 governance, and procedures of a digital asset asso-

1 ciation, or a proposed rule relating to the determina-
2 tion of the legal character of a digital asset—

3 “(A) the proposed rule shall be—

4 “(i) subject to approval by the Securi-
5 ties and Exchange Commission and the
6 Commodity Futures Trading Commission;
7 and

8 “(ii) deemed to be approved on the
9 date that is 5 days after the date on which
10 the proposed rule is submitted, unless ei-
11 ther commission objects to the proposed
12 rule change; and

13 “(B) if a commission objects to the pro-
14 posed rule change under subparagraph (A)(ii)—

15 “(i) the commission shall, in a public
16 format, provide to the digital asset associa-
17 tion and the non-objecting commission the
18 reasons for the objection;

19 “(ii) the digital asset association, and
20 interested members of the public, may pro-
21 vide written comments to the commissions
22 during the 20-day period beginning on the
23 date on which the objection is noted; and

24 “(iii) the Securities and Exchange
25 Commission and the Commodity Futures

Trading Commission, voting separately, shall jointly issue an order approving or disapproving the proposed rule, with the failure to issue such a joint order being deemed to be approval of the proposed rule.

“(4) EXCEPTION.—

“(A) IN GENERAL.—Notwithstanding paragraphs (2) and (3), a proposed rule change shall take effect upon filing if self-certified by a digital asset association as—

“(i) constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule of the digital asset association;

“(ii) establishing or changing a due, fee, or other charge imposed by the digital asset association on any person, whether or not the person is a member of the digital asset association; or

“(iii) notwithstanding any other provision of this subsection, necessary for customer protection, the maintenance of fair and orderly markets, or the safeguarding

1 of digital assets, customer funds, or other
2 property, in which case the proposed rule
3 change under shall be filed promptly there-
4 after in accordance with paragraph (1).

5 “(B) ENFORCEMENT.—

6 “(i) IN GENERAL.—Any proposed rule
7 change of a digital asset association that
8 has taken effect under subparagraph (A)
9 may be enforced by the association to the
10 extent the rule change is not inconsistent
11 with applicable law.

12 “(ii) SUSPENSION.—

13 “(I) IN GENERAL.—At any time
14 during the 60-day period beginning on
15 the date on which a proposed rule
16 change is filed under paragraph (1),
17 the appropriate commission may tem-
18 porarily and summarily suspend the
19 change in the rules of the applicable
20 digital asset association on a tem-
21 porary basis, if the commission deter-
22 mines that such action is necessary or
23 appropriate in the public interest, for
24 customer protection, or to otherwise
25 comply with applicable law.

1 “(II) REQUIREMENTS.—If a
 2 commission takes action under sub-
 3 clause (I), the commission shall insti-
 4 tute proceedings under paragraph
 5 (2)(B) to determine whether the ap-
 6 plicable proposed rule should be ap-
 7 proved or disapproved.

8 “(iii) RULE OF CONSTRUCTION.—Ac-
 9 tion under this subparagraph shall not af-
 10 fect the validity or force of a proposed rule
 11 change during the period the rule change
 12 was in effect and shall not be reviewable in
 13 a judicial proceeding, nor deemed to be
 14 final agency action for purposes of section
 15 704 of title 5.

16 “(5) RULE OF CONSTRUCTION RELATING TO
 17 FILING DATE OF PROPOSED RULE CHANGES.—

18 “(A) IN GENERAL.—For purposes of this
 19 subsection, the date of filing of a proposed rule
 20 change shall be deemed to be the date on which
 21 the applicable commission receives the proposed
 22 rule change.

23 “(B) EXCEPTION.—

24 “(i) IN GENERAL.—Subject to clause
 25 (ii), a proposed rule has not been received

1 by the applicable commission for purposes
2 of subparagraph (A), if, not later than 7
3 business days after the date on which the
4 commission receives the rule, the commis-
5 sion notifies the applicable digital asset as-
6 sociation that the proposed rule change
7 does not comply with the rules of the com-
8 mission relating to the required form of a
9 proposed rule change.

10 “(ii) LENGTHY AND COMPLEX PRO-
11 POSED RULE CHANGES.—

12 “(I) IN GENERAL.—If the appli-
13 cable commission determines that a
14 proposed rule change is unusually
15 lengthy, and is complex or raises novel
16 regulatory issues, the commission
17 shall inform the applicable digital
18 asset association of that determina-
19 tion not later than 7 business days
20 after the date on which the commis-
21 sion receives the rule.

22 “(II) DEADLINE.—For the pur-
23 poses of subparagraph (A), a pro-
24 posed rule change described in sub-
25 clause (I) has not been received by the

1 applicable commission, if, not later
 2 than 21 days after the date on which
 3 the commission receives the rule, the
 4 commission notifies the applicable dig-
 5 ital asset association that the pro-
 6 posed rule change does not comply
 7 with the rules of the commission relat-
 8 ing to the required form of a proposed
 9 rule change.

10 “(C) APPLICABILITY.—This paragraph
 11 shall not apply to a rule relating to the internal
 12 operations, governance, and procedure of a dig-
 13 ital asset association.

14 “(c) AMENDMENT OF RULES OF DIGITAL ASSET AS-
 15 SOCIATIONS.—

16 “(1) IN GENERAL.—The appropriate commis-
 17 sion may, by rule, abrogate, add to, and delete from
 18 the rules of a digital asset association as the com-
 19 mission determines necessary or appropriate to en-
 20 sure the fair administration of the digital asset asso-
 21 ciation or to conform the rules of the association to
 22 law or applicable rule, in the following manner:

23 “(A) The appropriate commission shall no-
 24 tify the digital asset association and publish no-
 25 tice of the proposed rulemaking in the Federal

1 Register, which shall include the text of the
2 proposed amendment to the rules of the digital
3 asset association and a statement of the reasons
4 of the commission, including any pertinent
5 facts, for commencing the proposed rulemaking.

6 “(B)(i) The appropriate commission shall
7 give interested persons an opportunity for the
8 oral presentation of data, views, and arguments,
9 in addition to an opportunity to make written
10 submissions.

11 “(ii) A transcript shall be kept of any oral
12 presentation under clause (i).

13 “(C) A rule adopted pursuant to this para-
14 graph shall incorporate the text of the amend-
15 ment to the rules of the digital asset association
16 and a statement of the appropriate commission
17 regarding the basis for amendment of the rule,
18 which shall include an identification of any
19 facts on which the determination of the com-
20 mission to amend the rules of the digital asset
21 association is based, including the reasons for
22 the conclusions of the commission relating to
23 any facts that were disputed in the rulemaking.

24 “(2) RULE OF CONSTRUCTION.—Nothing in
25 this subsection may be construed to impair or limit

1 the authority of the appropriate commission to
2 make, or to modify or alter the procedures the com-
3 mission may follow in making, rules pursuant to any
4 other authority granted by law that is consistent
5 with this subsection.

6 “(3) EFFECT OF RULES.—Any amendment to
7 the rules of a digital asset association made by the
8 appropriate commission under this subsection shall
9 be considered for all purposes to be part of the rules
10 of that digital asset association and shall not be con-
11 sidered to be a rule of the commission.

12 “(4) CONSULTATIONS.—With respect to rules
13 described in subsection (b)(4)(A)(iii), the appro-
14 priate commission shall consult with and consider
15 the views of the other commission and the Secretary
16 of the Treasury before abrogating, adding to, and
17 deleting from those rules, except where the commis-
18 sion determines that an emergency exists requiring
19 expeditious or summary action and publishes the
20 reasons of the commission for taking that action.

21 “(d) NOTICE OF DISCIPLINARY ACTION TAKEN BY
22 DIGITAL ASSET ASSOCIATION AGAINST A MEMBER OR
23 PARTICIPANT; REVIEW OF ACTION BY APPROPRIATE
24 COMMISSION; PROCEDURE.—

1 “(1) IN GENERAL.—If a digital asset associa-
2 tion imposes any final disciplinary sanction on any
3 member of the association, or any participant with
4 respect to the association, denies membership or
5 participation to any applicant, prohibits or limits
6 any person from accessing services offered by the as-
7 sociation or a member of the association, imposes
8 any final disciplinary sanction on any person associ-
9 ated with a member, or bars any person from be-
10 coming associated with a member, the digital asset
11 association shall promptly file notice of that action
12 with the appropriate commission.

13 “(2) REVIEW.—

14 “(A) IN GENERAL.—Any action with re-
15 spect to which a digital asset association is re-
16 quired to file notice under paragraph (1) shall
17 be subject to review by the appropriate commis-
18 sion for the applicable member, participant, ap-
19 plicant, or other person, on its own motion, or
20 upon application by any person aggrieved by
21 that action if filed not later than 30 days after
22 the date on which the notice was filed with the
23 appropriate commission and received by the ag-
24 grieved person, or within such longer period as
25 the appropriate commission may determine.

1 “(B) APPLICATION.—Application to the
2 appropriate commission for review, or the insti-
3 tution of review by the commission on its own
4 motion, shall not operate as a stay of an action
5 described in subparagraph (A) unless the ap-
6 propriate commission otherwise orders, sum-
7 marily or after notice and opportunity for hear-
8 ing on the question of a stay, which may consist
9 solely of the submission of affidavits or presen-
10 tation of oral arguments.

11 “(C) STAYS.—For the purposes of this
12 paragraph, each of the appropriate commissions
13 shall establish for appropriate cases an expe-
14 dited procedure for consideration and deter-
15 mination of the question of a stay.

16 “(3) APPLICABILITY.—This subsection shall
17 apply only to the extent that a digital asset associa-
18 tion imposes any final disciplinary sanction for—

19 “(A) a violation of Federal law or the rules
20 issued under Federal law; or

21 “(B) a violation of a rule of the digital
22 asset association, as to which a proposed
23 change would be required to be filed under this
24 section.

1 “(e) DISPOSITION OF REVIEW; CANCELLATION, RE-
2 DUCTION, OR REMISSION OF SANCTION.—

3 “(1) IN GENERAL.—In any proceeding to review
4 a final disciplinary sanction imposed by a digital
5 asset association on a member of the association, a
6 participant with respect to the association, or a per-
7 son associated with such a member, after notice and
8 opportunity for hearing, which may consist solely of
9 consideration of the record before the digital asset
10 association and opportunity for the presentation of
11 supporting reasons to affirm, modify, or set aside
12 the sanction—

13 “(A) if the appropriate commission finds
14 that such member, participant, or person asso-
15 ciated with a member has engaged in such acts
16 or practices, or has omitted such acts, as the
17 digital asset association has found that person
18 to have engaged in or omitted, that such acts
19 or practices, or omissions to act, are in violation
20 of law, the rules thereunder, or the rules of the
21 digital asset association, and that such provi-
22 sions are, and were applied in a manner, con-
23 sistent with law, the commission, by order,
24 shall—

1 “(i) make a declaration regarding that
2 finding; and

3 “(ii) as appropriate—

4 “(I) affirm the sanction imposed
5 by the digital asset association;

6 “(II) modify the sanction in ac-
7 cordance with paragraph (2); or

8 “(III) remand to the digital asset
9 association for further proceedings; or

10 “(B) if the appropriate commission does
11 not make a finding described in subparagraph
12 (A), the commission shall, by order—

13 “(i) set aside the sanction imposed by
14 the digital asset association; and

15 “(ii) if appropriate, remand to the
16 digital asset association for further pro-
17 ceedings.

18 “(2) MODIFICATION.—If the appropriate com-
19 mission for a member, participant, or person associ-
20 ated with a member, having due regard for the pub-
21 lic interest and customer protection, finds, after a
22 proceeding under paragraph (1), that a sanction im-
23 posed by a digital asset association upon that mem-
24 ber, participant, or person associated with a member
25 imposes any burden on competition not necessary or

1 appropriate or is excessive or oppressive, the com-
2 mission may cancel, reduce, or require the remission
3 of that sanction.

4 “(f) DISMISSAL OF REVIEW PROCEEDING.—

5 “(1) IN GENERAL.—In any proceeding to review
6 the denial of membership or participation in a dig-
7 ital asset association to any applicant, the barring of
8 any person from becoming associated with a member
9 of a digital asset association, or the prohibition or
10 limitation by a digital asset association of any per-
11 son from accessing services offered by the digital
12 asset association or any member of the association,
13 if the appropriate commission, after notice and op-
14 portunity for hearing, which may consist solely of
15 consideration of the record before the digital asset
16 association and opportunity for the presentation of
17 supporting reasons to dismiss the proceeding or set
18 aside the action of the digital asset association, finds
19 that the specific grounds on which that denial, bar,
20 or prohibition or limitation is based exist in fact,
21 that such denial, bar, or prohibition or limitation is
22 in accordance with the rules of the digital asset as-
23 sociation, and that such rules are, and were applied
24 in a manner, consistent with law, the appropriate
25 commission, by order, shall dismiss the proceeding.

1 “(2) FAILURE TO MAKE FINDING.—If the ap-
2 propriate commission does not make a finding de-
3 scribed in paragraph (1), or if the commission finds
4 that the applicable denial, bar, prohibition, or limita-
5 tion imposes any burden on competition not nec-
6 essary or appropriate, the commission, by order,
7 shall set aside the action of the digital asset associa-
8 tion and require the association to admit the appli-
9 cable applicant to membership or participation, per-
10 mit that person to become associated with a mem-
11 ber, or grant that person access to services offered
12 by the digital asset association or a member of the
13 association.

14 “(g) SUSPENSION OR REVOCATION OF DIGITAL
15 ASSET ASSOCIATION REGISTRATION; OTHER SANC-
16 TIONS.—

17 “(1) IN GENERAL.—If necessary or appropriate
18 in the public interest, for customer protection, or
19 otherwise in furtherance of the purposes of this sec-
20 tion, the appropriate commissions, voting separately,
21 may issue a joint order suspending for a period not
22 exceeding 1 year or revoking the registration of a
23 digital asset association, or censuring or imposing
24 limitations upon the activities, functions, and oper-
25 ations of a digital asset association, if, the commis-

1 sions find, on the record after notice and oppor-
2 tunity for hearing, that the digital asset associa-
3 tion—

4 “(A) has violated or is unable to comply
5 with any provision of law, rule, or the rules of
6 the association without reasonable justification
7 or excuse; or

8 “(B) has failed to enforce compliance with
9 any provision by a member of the association or
10 a person associated with a member of the asso-
11 ciation.

12 “(2) EXPULSION.—The appropriate commission
13 may, by order, if necessary or appropriate in the
14 public interest, for customer protection, or otherwise
15 in furtherance of the purposes of this section, to sus-
16 pend for a period not exceeding 1 year or expel from
17 a digital asset association, any member of a digital
18 asset association, or participant with respect to a
19 digital asset association, if such member or partici-
20 pant is subject to an order of the commission or if
21 the commission, on the record after notice and op-
22 portunity for hearing, determines that the member
23 or participant has willfully violated, or has effected
24 any transaction for any other person who the mem-
25 ber or participant had reason to believe was vio-

1 lating, with respect to such transaction any applica-
2 ble provision of law under the jurisdiction of the
3 commission.

4 “(3) BAR ON ASSOCIATION.—The applicable
5 commission may, by order, if necessary or appro-
6 priate in the public interest, for customer protection,
7 or otherwise in furtherance of the purposes of this
8 section, to suspend for a period not exceeding 1 year
9 or to bar any person from being associated with a
10 member of such digital asset association, if the per-
11 son is subject to an order of the appropriate com-
12 mission or if the appropriate commission finds, on
13 the record after notice and opportunity for hearing,
14 that the person has willfully violated, or has effected
15 any transaction for any other person who the person
16 associated with a member had reason to believe was
17 violating, with respect to the transaction any appli-
18 cable provision of law under the jurisdiction of the
19 commission.

20 “(4) REMOVAL FROM OFFICE.—If necessary or
21 appropriate in the public interest, for customer pro-
22 tection, or otherwise in furtherance of the purposes
23 of this section, the Securities and Exchange Com-
24 mission and the Commodity Futures Trading Com-
25 mission, voting separately, may, by joint order, re-

1 move from office or censure any person who is, or
 2 at the time of the alleged misconduct was, an officer
 3 or director of a digital asset association, if the com-
 4 missions find, on the record after notice and oppor-
 5 tunity for a hearing before an impartial hearing offi-
 6 cer, that such person has willfully violated any provi-
 7 sion of law, the rules thereunder, or the rules of
 8 such digital asset association, willfully abused the
 9 authority of the person, or without reasonable jus-
 10 tification or excuse has failed to enforce compliance
 11 with any provision of law by any member or person
 12 associated with a member.

13 “(h) INTERAGENCY WORKING GROUP.—The Securi-
 14 ties and Exchange Commission and the Commodity Fu-
 15 tures Trading Commission shall each appoint an equal
 16 number of employees, under the supervision of the Chair-
 17 man of the respective commissions, to an interagency
 18 working group, which shall coordinate and facilitate the
 19 responsibilities and powers of the respective commissions
 20 under this chapter.”.

21 (b) TECHNICAL AND CONFORMING AMENDMENT.—
 22 The table of sections for chapter 98 of title 31, United
 23 States Code, as amended by section 3, is amended by add-
 24 ing at the end the following:

“9803. Registration, rulemaking, and supervision of digital asset associations.”.

1 **SEC. 5. RECORDS AND REPORTS; DUTIES AND POWERS OF**
 2 **REGISTERED DIGITAL ASSET ASSOCIATIONS.**

3 (a) IN GENERAL.—Chapter 98 of title 31, United
 4 States Code, as amended by section 4, is amended by add-
 5 ing at the end the following:

6 **“§ 9804. Records and reports; duties and powers of**
 7 **registered digital asset associations**

8 “(a) IN GENERAL.—Each member of a registered
 9 digital asset association shall make, and keep for pre-
 10 scribed periods, such electronic records and disseminate
 11 reports as the registered digital asset association, by rule,
 12 prescribes as necessary or appropriate in the public inter-
 13 est.

14 “(b) RECORDS SUBJECT TO EXAMINATION.—

15 “(1) PROCEDURES FOR COOPERATION WITH
 16 OTHER AGENCIES.—

17 “(A) IN GENERAL.—All records of a mem-
 18 ber described in subsection (a) are subject at
 19 any time, or from time to time, to reasonable
 20 periodic, special, or other examinations by the
 21 registered digital asset association of the mem-
 22 ber.

23 “(B) NOTICE.—Before conducting an ex-
 24 amination under subparagraph (A), the exam-
 25 ining authority shall—

1 “(i) inform all other relevant regu-
2 latory agencies and digital asset associa-
3 tions with jurisdiction over the member re-
4 garding the proposed examination; and

5 “(ii) consult concerning the feasibility
6 and desirability of coordinating such exam-
7 ination with examinations conducted by
8 other entities with a view to avoiding un-
9 necessary duplication and undue regulatory
10 burden.

11 “(C) EXAMINATIONS OF MEMBERS.—Upon
12 a showing of good cause, the Securities and Ex-
13 change Commission or the Commodity Futures
14 Trading Commission, as applicable, may con-
15 duct a special examination of a registered dig-
16 ital asset association or a member of such an
17 association.

18 “(D) REPORT.—With respect to an exam-
19 ination under this paragraph, the examining au-
20 thority shall share such information, including
21 reports of the examination, customer complaint
22 information, and other nonpublic regulatory in-
23 formation, as may be appropriate to foster a co-
24 ordinated approach to regulatory oversight for

1 members that are subject to examination by
2 more than 1 examining authority.

3 “(E) REQUIREMENTS WHEN EXAMINATION
4 NOT ONGOING.—A registered digital asset asso-
5 ciation, at all times when an examination under
6 this paragraph is not in progress, shall conduct
7 ongoing supervision of members of the associa-
8 tion, as may be provided by the rules of the as-
9 sociation.

10 “(2) CLARIFICATION.—Notwithstanding any
11 other provision of this subsection, the records of a
12 member of a registered digital asset association shall
13 not be subject to routine periodic examinations by
14 the Securities and Exchange Commission or the
15 Commodity Futures Trading Commission.

16 “(3) EXAMINATION STANDARDS.—Each reg-
17 istered digital asset association shall—

18 “(A) adopt tailored supervision and exam-
19 ination standards commensurate with the size
20 and complexity of the association and risks
21 faced by members of the association;

22 “(B) to the extent reasonably possible, re-
23 duce the regulatory burden for emerging growth
24 companies, as defined in section 2(a) of the Se-
25 curities Act of 1933 (15 U.S.C. 77b(a)), includ-

1 ing through the use of self-certification and ex-
 2 pedited or automated examinations; and

3 “(C) in consultation with other registered
 4 digital asset associations, develop standard form
 5 customer agreements for the execution of dig-
 6 ital asset transactions.

7 “(c) REGISTERED DIGITAL ASSET ASSOCIATIONS.—

8 “(1) IN GENERAL.—The Securities and Ex-
 9 change Commission and Commodity Futures Trad-
 10 ing Commission, shall, by rule or order, in order to
 11 foster cooperation and coordination among reg-
 12 istered digital asset associations—

13 “(A) with respect to any person that is a
 14 member of or participant in more than 1 reg-
 15 istered digital asset association, relieve any reg-
 16 istered digital asset association of any responsi-
 17 bility—

18 “(i) to receive regulatory reports from
 19 the person;

20 “(ii) to examine the person for compli-
 21 ance; or

22 “(iii) to carry out other specified reg-
 23 ulatory functions with respect to the per-
 24 son; and

1 “(B) allocate among registered digital
2 asset associations the authority to adopt rules
3 with respect to matters as to which, in the ab-
4 sence of the allocation, such registered digital
5 asset associations share authority.

6 “(2) CONSIDERATIONS.—

7 “(A) IN GENERAL.—In making a rule, or
8 entering an order, under paragraph (1), the ap-
9 propriate commission shall take into consider-
10 ation the regulatory capabilities and procedures
11 of the applicable registered digital asset associa-
12 tions, availability of staff, convenience of loca-
13 tion, unnecessary regulatory duplication, and all
14 other factors applicable to customer protection,
15 cooperation and coordination among registered
16 digital asset associations, and the development
17 of a healthy digital asset market, which may in-
18 clude providing for the acceptance of examina-
19 tion reports prepared by a registered digital
20 asset association under this chapter with re-
21 spect to a digital asset intermediary for which
22 digital asset activities constitute a majority of
23 business, in lieu of examinations conducted by
24 other registered digital asset associations.

1 “(B) NOTIFICATION REQUIREMENT.—The
2 Securities and Exchange Commission or Com-
3 modity Futures Trading Commission, by rule or
4 order, may require that a registered digital
5 asset association relieved of any responsibility
6 under this paragraph, and any person with re-
7 spect to which that responsibility relates, to
8 take such steps as are specified in any rule or
9 order to notify customers of, and persons doing
10 business with, the person of the limited nature
11 of the responsibility of that registered digital
12 asset association for the acts, practices, and
13 course of business of the person.

14 “(d) MISSING AND STOLEN DIGITAL ASSETS.—Each
15 member of a registered digital asset association or other
16 financial institution conducting digital asset transactions
17 shall report to the Financial Crimes Enforcement Network
18 of the Department of the Treasury such information as
19 may be required by rule relating to digital asset theft or
20 missing private keys for the possession or control of digital
21 assets.

22 “(e) CONFIDENTIALITY.—

23 “(1) SHARING OF INFORMATION.—

24 “(A) IN GENERAL.—Section 24 of the Se-
25 curities Exchange Act of 1934 (15 U.S.C. 78x)

1 shall apply to the sharing of information by the
2 Securities and Exchange Commission and Com-
3 modity Futures Trading Commission in accord-
4 ance with this subsection.

5 “(B) PROTECTION FROM INAPPROPRIATE
6 DISCLOSURE.—The commissions and a reg-
7 istered digital asset association shall ensure
8 that all confidential information is not inappro-
9 priately disclosed pursuant to subparagraph
10 (A).

11 “(2) APPROPRIATE DISCLOSURE NOT PROHIB-
12 ITED.—Nothing in this subsection may be construed
13 to authorize the Securities and Exchange Commis-
14 sion and Commodity Futures Trading Commission
15 or a registered digital asset association to—

16 “(A) withhold information from Congress;

17 or

18 “(B) prevent the commissions or an asso-
19 ciation from complying with—

20 “(i) a request for information from
21 any Federal or State department or agency
22 requesting the information for purposes
23 within the scope of the jurisdiction of that
24 department or agency; or

1 “(ii) an order of a court of the United
 2 States in an action brought by the United
 3 States or the commissions.

4 “(f) BEST EXECUTION.—A registered digital asset
 5 association, in consultation with members of the associa-
 6 tion, the Securities and Exchange Commission, and the
 7 Commodity Futures Trading Commission, shall develop
 8 rules governing the best execution of digital asset trans-
 9 actions.

10 “(g) INITIAL DETERMINATION OF LEGAL CHAR-
 11 ACTER.—

12 “(1) IN GENERAL.—

13 “(A) INITIAL DETERMINATION.—A reg-
 14 istered digital asset association may make an
 15 initial determination of the legal character of a
 16 digital asset as a security, an ancillary asset, a
 17 commodity (as defined in section 1a of the
 18 Commodity Exchange Act (7 U.S.C. 1a)), or as
 19 otherwise provided by law, upon the written re-
 20 quest of a member of the association.

21 “(B) CONSULTATION; HEARINGS.—Upon
 22 receipt of a request under subparagraph (A), a
 23 registered digital asset association—

24 “(i) shall consult with the commis-
 25 sions and make an initial determination re-

1 garding the request, after public notice and
 2 comment, not later than 45 days after the
 3 date on which the association receives the
 4 request; and

5 “(ii) may hold a public hearing with
 6 respect to an initial determination de-
 7 scribed in clause (i), if—

8 “(I) the matter is of significant
 9 precedential value or complex; or

10 “(II) holding such a hearing is
 11 otherwise in the public interest.

12 “(2) PUBLICATION.—A registered digital asset
 13 association shall publish all determinations made
 14 under paragraph (1) on the website of the associa-
 15 tion.

16 “(h) OBJECTION TO INITIAL DETERMINATION.—

17 “(1) IN GENERAL.—

18 “(A) DEADLINE FOR OBJECTION.—Not
 19 later than 30 days after the date on which an
 20 initial determination is made under subsection
 21 (g), the Securities and Exchange Commission
 22 or Commodity Futures Trading Commission
 23 may object to the initial determination of the
 24 registered digital asset association by issuing an

1 order, after public notice, comment, and a hear-
2 ing.

3 “(B) EFFECT OF OBJECTION.—Upon an
4 objection under subparagraph (A), the initial
5 determination to which the objection applies
6 shall be held in abeyance.

7 “(2) ORDER.—

8 “(A) IN GENERAL.—Not later than 60
9 days after the date on which a commission ob-
10 jects under paragraph (1), the commissions
11 shall, after public notice and comment of not
12 less than 30 days, issue an order resolving the
13 objection and the status of the digital asset, as
14 described in subsection (g)(1)(A), which may
15 include joint responsibility of the commissions.

16 “(B) FAILURE TO ISSUE.—If the Securi-
17 ties and Exchange Commission and the Com-
18 modity Futures Trading Commission fail to
19 issue a joint order under subparagraph (A), the
20 determination of the registered digital asset as-
21 sociation under subsection (g) shall become
22 final, unless an action is brought in an appro-
23 priate district court of the United States of
24 competent jurisdiction.”.

- 1 (b) TECHNICAL AND CONFORMING AMENDMENT.—
2 The table of sections for chapter 98 of title 31, United
3 States Code, as amended by section 4, is amended by add-
4 ing at the end the following:

“9804. Records and reports; duties and powers of registered digital asset asso-
ciations.”.

